

THE KEYS TO GETTING STARTED

One of the hardest things to do in life is get started. Whether it's a new job, a new business, or a new relationship. All of these involve challenges because of the unknown, the unforeseen, and a general lack of knowledge and experience. This can create anxiety and fear, which can prevent you from taking the next steps to move forward on a path to success. The same is also true for getting started in real estate investing.

I want to help anyone struggling with this to get past it so they can really understand what it takes to get started in real estate investing. I have outlined what I believe are four keys for putting you on a path to success. So let's dive in:

KEY #1: KNOW YOUR REAL ESTATE INVESTING STRATEGIES

What I would like for you to do at this point is to get a feel for the three strategies we are going to discuss in the upcoming chapters. We are going to get into greater detail about these, but for now, I want you to start thinking about them so they can be top of mind. They are wholesaling property, flipping property, and owning rental property.

1. **Wholesaling Property:** This, for the most part, is a transaction-oriented business. Think of it as flipping a contract to purchase a property. The concept is simple, and can be done in different ways:

- (1) Find a property that you can buy at a discount
- (2) Get it under contract with the seller
- (3) Sell that contract to another buyer for a fee

How much can you make on a given transaction? Fair question. I have personally seen wholesale deals with my hard-money clients where a contract was sold for over \$50,000 (this of course is rare, but totally possible), and some for \$500 or less. It depends on:

- (1) How good your purchase price is
- (2) How much your end buyer is willing to pay

One of the biggest benefits to wholesaling is ease of entry into the business. You can also do it with very little money out of pocket. As long as you find the right deal, you can move it to someone who will pay more.

2. **Flipping Property:** This, in my opinion, is the profit-oriented approach to real estate investing. The concept is this:

- (1) Buy property at a discount to market value
- (2) Make the necessary tangible improvements
- (3) Sell it at retail price

I have flipped a lot of properties, and so have many of my clients. Flipping property tends to get a bad rap in the media primarily because it is misunderstood, but it is without a doubt a great way to turn a quick profit (larger than with wholesaling), and also helps improve many neighborhoods and communities.

3. **Rental Property:** This is the passive income/long-term wealth building approach to real estate investing. Rental properties, if purchased correctly,

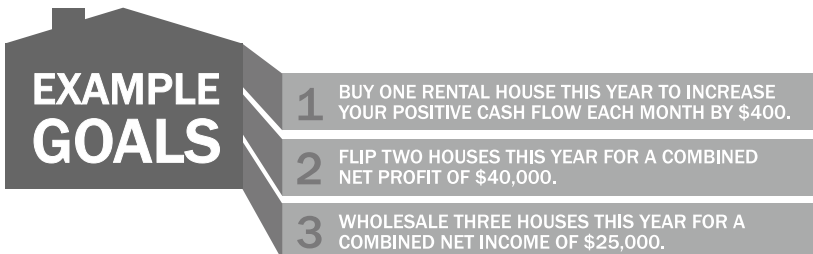
should produce positive monthly cash flow, while simultaneously increasing your equity through principal reduction. This means your tenants' rent payment will provide you with monthly income after you make your mortgage payment. Each mortgage payment you make has an interest portion and a principal portion, so each month, as principal is paid, your equity in the property increases.

KEY #2: GET A SPECIFIC GOAL DOWN ON PAPER

The biggest key to getting started is setting a goal and writing it down on paper. I know I'm preaching to the choir with some, though others might be thinking, "You've got to be kidding me! Is this going to be another book about goal setting?"

Even if you think this is cliché, follow me for a minute here; how are you ever going to get where you want to be with your real estate investing if you don't have some idea or goal in mind? How will you be able to measure if you are getting there? Do you really want to leave it up to chance? Wouldn't it be better to take charge and have a plan?

If you want to go to the movies, do you just hop in the car, start driving, and hope you end up at a place with the movie you want to see showing within 30 minutes of your arrival? *Of course not!* How much more important is it then, to have a goal for the really important things in your life—like building real income and wealth? So you need a goal to plan your path and measure your progress. For your goal to be measurable, it needs to be *specific*. Here are some example of goals:



EXAMPLE GOALS

- 1 BUY ONE RENTAL HOUSE THIS YEAR TO INCREASE YOUR POSITIVE CASH FLOW EACH MONTH BY \$400.
- 2 FLIP TWO HOUSES THIS YEAR FOR A COMBINED NET PROFIT OF \$40,000.
- 3 WHOLESALING THREE HOUSES THIS YEAR FOR A COMBINED NET INCOME OF \$25,000.

These are just examples. Use them, tweak them, or don't (although they are likely good starter goals for most readers). If you have your own goal, great! One thing I want to mention about this is thinking in terms of not what is "realistic," but what is "attainable" for you. If you set your goal to something that is not attainable, you are likely going to be disappointed, get frustrated, and quit.

The best advice I can give you if you don't know what goal to set is to start with a single deal. Use that to build some valuable experience, and then move on to the next deal. I promise that you'll learn so much from that first deal, that before you know it, you'll be well on your way. Plus, you'll have gained some momentum, which will only build the further along you get.

KEY #3: NETWORK WITH OTHER REAL ESTATE INVESTORS

Other real estate investors are going to be your best resource for networking, creating your mastermind group, and building the rest of your team. You want to reach out to them, learn from them, and discuss your ideas with them first.

If you decide after reading this book (or worse, while you are reading it) to start telling everyone you know that you are going to start investing in real estate, my advice is DON'T do it, especially if they have never invested in real estate. Why? Here are a couple of reasons:

- 1. Some people will try to talk you out of it.** No one is better at talking you out of taking action than the guy next to you who literally knows nothing about real estate investing. He will bring you down faster than a lead balloon. There is nothing worse than getting "advice" from someone who knows absolutely nothing about a subject. It's funny that people who know nothing about a topic love to tell people what they think about it. Consider this, if your tooth hurts and you are in massive pain, would you discuss it with the plumber who fixing your toilet? Of course not. What